Volume 5, Spring 2008

A Look Inside

Also in this Issue

EP Connections: Interview with Joyce Kahn

New Law… Help for the Small Employer

Joyce Kahn, Manager of EP Voluntary Compliance, recently sat down with Retirement News for Employers to discuss upcoming activities relating to the IRS Correction Programs in Employee Plans.

What did the Pension Protection Act of 2006 (PPA) provide with respect to the IRS Correction Programs (i.e., Employee Plans Compliance Resolution System (EPCRS))?

§1101(b) of the PPA granted the Secretary of the Treasury full authority to establish and implement the EPCRS and provided that the Secretary will continue to update and improve EPCRS, giving special attention to:

(1) Increasing the awareness and knowledge of small employers concerning the availability and use of EPCRS;

(2) Taking into account special concerns and circumstances that small employers face with respect to compliance and correction of compliance failures;

(3) Extending the duration of the self-correction period under the Self-Correction Program for significant compliance failures;

(4) Expanding the availability to correct insignificant compliance failures under the Self-Correction Program during audit; and

(5) Assuring that any tax, penalty, or sanction that is imposed because of a compliance failure is not excessive and bears a reasonable relationship to the nature, extent, and severity of the failure.

How will Employee Plans increase the awareness of EPCRS?

We have developed the "Retirement Plan Pitfalls" workshop, encouraging small business practitioners to use online IRS "Fix-It Guides" to help keep their clients out of trouble. They can do so by helping them find, fix, and avoid common retirement plan mistakes. The "Fix-It Guides" relate to different plan types so an employer can go to his/her plan type and find the most common errors that apply to that kind of plan. The **401(k) Fix-It Guide** is currently online and we will be posting additional guides for SIMPLE IRA plans, SEPs, 403(b) plans, and SARSEPs. Employee Plans piloted the "Retirement Plan

New on the Web

Here are the latest postings to the **Retirement Plans Community** web page:

- Materials from the first Governmental Plans Roundtable held April 22, 2008, are now available on our new **Governmental Plans** web page. We will continue to update this material to better serve the governmental plan community.
- We now have a consolidated **Fix-It Guides** web page to hold all of our guides. These guides provide tips on how to find, fix, and avoid common mistakes in retirement plans. Currently, the "401(k) Fix-It Guide" is available. SIMPLE IRA and SEP guides are coming soon.
- The **Staggered Remedial Amendment Period Revenue Procedure** web page has been updated for recent guidance per Announcement 2008-23 and Notice 2007-94. This web page also provides a list of recent guidance that may require interim or discretionary amendments. •

Pitfalls" workshop last week at the AICPA National Conference on Employee Benefits and it was well received. We will also deliver this workshop at each of the **IRS Nationwide Tax Forums** this summer. The workshop will familiarize general tax practitioners with the legal requirements for retirement plans, emphasize the importance of proper plan maintenance, and present EP's correction programs using a case study.

Also, EP Voluntary Compliance is championing a product-based Customer Satisfaction Project involving external stakeholders. The project, coordinated with the Advisory Committee for Tax Exempt and Government Entities (ACT), is designed to focus on leveraging EPCRS. Our goal is to develop product-based tools to help employers and their practitioners better understand IRS's correction programs and make their use easier. Look for our new products in future editions of the *Retirement News for Employers*.

Are there any other actions involving EPCRS that will address the other items in §1101(b) of the PPA?

We are working on updating the EPCRS revenue procedure which will address the other items. We expect the revenue procedure to be released by the end of June 2008. •

Ms. Kahn joined the IRS in 1987 as a tax law specialist in the Qualifications Branch and later transferred to the Projects Branch. She became the Manager of the Voluntary Compliance Resolution Program in 1995 and the Manager of EP Voluntary Compliance in 1999. Ms. Kahn is a graduate of the University of Florida and received her Juris Doctorate from the University of South Carolina (her home state). She earned a Masters in Taxation from Georgetown University Law Center.

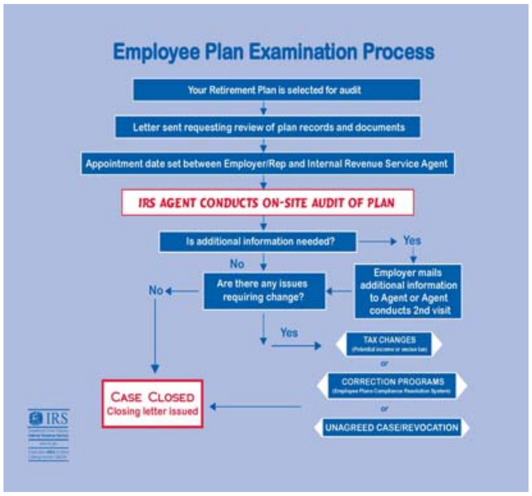
Desk Side Chat With Monika Templeman

What Do I Do if My Plan is Selected for an Examination?

In each issue, Monika Templeman, Director of EP Examinations, responds to questions and offers insights on retirement plan topics uncovered during audits. You may provide feedback or suggest future topics for discussion by e-mailing her at: **RetirementPlanComments@irs.gov**.

Recently, we have discussed errors in certain plan types and pointed out that plan sponsors can find, fix, and avoid plan errors. This leads us to a question many employers are asking after reading your last two chats. What steps should employers take if they receive a letter or a phone call from an agent notifying them of an examination of their plan?

I think the first thing most people do when contacted by the IRS is panic. Unless you are receiving a refund, receiving letters from the IRS is seldom a cause for celebration. But I am here to tell them that they do not have to panic. First of all, if employers follow the procedures I provided in **my last *Desk Side Chat*** and use the tools we provide to find, fix, and avoid plan errors, they should be confident the examination will be relatively painless.



Employee Plans Examination Flowchart
(Publication 4324)

What should an employer do to prepare for the audit?

The employer will receive an initial contact letter, which will include a list of items the agent would like to examine. The employer should review the list and contact the agent if they have questions about particular requests and exactly what form of documentation they need for the audit. Then the items requested should be available and organized for the agent's visit. This will help eliminate delays and the need for follow-up visits.

Speaking of visits, where is the audit usually held?

I am going to sound very much like the regulation that provides this answer, but this is not a recorded message. A field examination will generally take place at the location where the taxpayer's original books, records, and source documents pertinent to the examination are maintained. In the case of a sole proprietorship or taxpayer entity, this will usually be the employer's principal place of business. Agents also need to familiarize themselves with the business operations. This can only be done by visiting the business.

What can employers expect from the agent?

Our agents are professionally trained and equipped with current technology. The agent is there to ensure plan compliance and to provide customer service. It is my expectation that every agent is polite, courteous, and professional. The agents also recognize the need to communicate regularly with the employer on the status of the examination.

Are there any Internet tools available for employers regarding the examination of their plans?

First, go to **www.irs.gov/ep** and visit the **EP Examination Process Guide**. This guide explains the process of an examination from start to finish. Section 3 of this guide, **Initiation of an Examination**, describes the first part of the process. Within this section, we have created an **Audit Efficiency Guide**. This guide, developed with the assistance of pension practitioners across the country, outlines how both parties will work with each other during the course of the audit. The pension practitioners also helped us create **Top Ten Tips to Prepare for an Efficient Audit**. This has a wealth of information to assist employers to prepare for an examination of their plan. Finally, I would recommend employers take a look at a **flowchart** of the total examination process. This is a good one-page snapshot of the entire audit process.

You have provided employers with many ideas and tools to prepare for an examination. What should each employer expect from you and your staff?

They should expect an efficient process that minimizes the burden on taxpayers and representatives as much as possible. They should also expect timely, open communication necessary to resolve any issues and keep the plan compliant.

ERPA is Picking Up Speed

The deadline for vendors to apply to the IRS to help develop and administer a program for a new category of practitioner: the "Enrolled Retirement Plan Agent," or "ERPA" was May 5, 2008. But, you might be asking, "What does this mean for me?"

An individual who wishes to practice before the IRS as an ERPA will be required to pass a special enrollment examination to show competency in retirement plan matters. Once an individual passes the enrollment examination, the potential ERPA will file an application for enrollment with the Service. The applicant must undergo background investigations and tax compliance verifications. If the IRS approves the applicant, enrollment status is granted to the ERPA.

Once granted enrollment status, the ERPA must complete continuing professional education, including ethics, as part of the required curriculum. The ERPA must renew his/her status every three years, which encompasses an additional background investigation and tax compliance verification. In addition, the Service would confirm that the ERPA has had no formal complaints lodged against him/her since the last renewal.

Vendor selection is the next step in developing the ERPA program. We have begun the technical evaluation process and plan to award the contract by August 2008, when we will develop the enrollment examination. The ERPA program is well on its way to becoming a reality.

We're Glad You Asked!

Each issue of the *RNE* looks at a common question we receive and provides an answer and additional resources in response to the question.

I began receiving required minimum distributions from my company's retirement plan. Can I roll over these amounts into my IRA?

No. Rollovers to IRAs of required minimum distributions (RMDs) from a retirement plan are not permitted. This is true whether the RMD is made because you turned age 70½ or because you retired after age 70½. If you receive your entire account balance in a lump sum, any portion that is an RMD cannot be rolled over, but the remainder can be. For example, if you are retired from the company holding your retirement plan and turned 70½ this year, part of any lump sum received this year cannot be rolled over because the lump sum will include your first year's RMD, even though your first year's RMD can be put off until April 1 next year.

I am 71 and participate in my company's SIMPLE IRA plan. I will begin receiving required minimum distributions this year, but would like to continue to contribute to the SIMPLE IRA plan since I am still working. Is this permitted?

Many small business owners and plan participants who either sponsor or participate in SEP or SIMPLE IRA plans question whether or not contributions can be made to these plans after the owner or participant reaches age 70½. The answer is yes. In fact, participants turning 70½ must be allowed to continue participating. This means that participants must continue to share in employer contributions and, in the case of SIMPLE IRA plans, must be allowed to continue to make salary reduction contributions. The contributions to both SEP and SIMPLE IRA plans are made to IRAs; traditional IRAs in the case of SEPs. Note that individuals age 70½ or older are not permitted to make the regular, annual contributions ($5,000 for 2008 or $6,000 if age 50 or older) to traditional IRAs, whether or not the IRA is part of a SEP plan. (See Code §219.)

Keep in mind that individuals are still required to take RMDs from these accounts, since all IRAs must start making RMDs once the owners have attained age 70½.

For additional information, see:

Individual Retirement Arrangements, **Publication 590**
Pension and Annuity Income, **Publication 575**
SEP Retirement Plans for Small Businesses, **Publication 4333**
SIMPLE IRA Plans for Small Businesses, **Publication 4334**

Written Plan Requirement for 403(b) Plans

Contributions to a 403(b) plan are excluded from the participants' income if the plan meets certain requirements contained in the Internal Revenue Code. On July 26, 2007, **final regulations** were published that describe these requirements. One of the provisions requires that the 403(b) plan be in writing. The new 403(b) regulations are generally effective for the taxable year beginning after December 31, 2008.

Andrew E. Zuckerman, Director, Employee Plans Ruling and Agreements, has indicated that Employee Plans is developing programs for 403(b) plans that are similar to the current programs offered for 401(a) tax-qualified plans (i.e., a determination letter program and a pre-approved plan program). While it is unlikely that the new 403(b) programs will be in place by December 31, 2008, plan sponsors must generally have a written plan by January 1, 2009. Thus, employers maintaining 403(b) plans should take appropriate steps to ensure their programs are in writing by December 31, 2008.•

Product Profile – *401(k) Fix-It Guide* – Online Resource

The ***401(k) Fix-It Guide*** is an online resource for retirement plan sponsors and their tax advisors to help find, fix, and avoid common plan mistakes in 401(k) plans. The Guide provides tips and trends on eleven plan mistakes that IRS most often sees in the operation of 401(k) plans, including:

- plan document updates,
- plan operation,
- definition of compensation,
- nondiscrimination test failures, and
- excess deferrals.

The Guide provides practical tips, with examples, on how to find plan errors, fix them, and even avoid them. By selecting "More," the user is directed to additional information describing the law, guidance, and correction methods for each plan problem. It directs plan sponsors and practitioners to IRS correction programs to correct the mistake, if needed. Plan sponsors should consider this list of potential mistakes as they annually review their 401(k) plans' operation.

We will continue to update the "Fix-It Guide" with the latest 401(k) error trends - check back for new information.

401(k) Fix-It Guide

---------Trends-----------	------------------------------------Tips--			
Potential Mistake	How to Find the Mistake	How to Fix the Mistake		How to Avoid the Mistake
		Corrective Action	Correction Program(s) Available	
1) Has your plan document been updated within the past few years to reflect recent law changes? (More)	Review annual cumulative list published close to year-end to see if plan made all required law changes (e.g., Notice 2007-94). (More)	EPCRS Adopt amendments for missed law changes. Appendix D, Part II (More)	VCP Audit CAP (More)	Plan sponsors need to resort to a calendar (tickler) of when amendments must be completed. Review your plan document annually. Maintain regular contact with the company that sold you the plan. (More)

See the "401(k) Fix-It Guide" in its entirety by selecting the "Plan Sponsor/ Employer" tab at the top of the **Retirement Plans Community** web page. *Coming soon...SIMPLE IRA Plan Fix-It Guide and SEP Fix-It Guide.*•

Recent Guidance

Proposed Regulations REG-136701-07 relate to Code §401(a)(35) pertaining to certain defined contribution plans that hold publicly traded stock of their employers.

Proposed Regulations REG-151135-07 contain guidance for the notice provisions for multiemployer plans under Code §432 where the defined benefit multiemployer plan is in endangered or critical status.

Proposed Regulations REG-110136-07 contain guidance relating to providing notices pursuant to Code §4980F when a plan significantly reduces future benefit accruals.

Proposed Regulations REG-108508-08 relating to Code §430, provide guidance on quarterly contributions and address some of the §4971 funding excise tax provisions as added by PPA.

Notice 2008-7 extends certain transitional relief described in Notice 2006-107 for certain defined contribution plans that hold publicly traded stock of their employers.

Notice 2008-21 extends the effective date of certain proposed funding regulations to 2009 and establishes a 2008 transitional rule for small defined benefit plans with end-of-the-year valuations.

Notice 2008-29 states that taxpayers may continue to rely on the mortality tables in Rev. Rul. 96-7 for the alternative mortality tables for disabled participants in qualified defined benefit pension plans relative to §§430(h)(3)(D) and 431(c)(6)(D)(v), pending public comments and further guidance.

Notice 2008-30 provides guidance in the form of questions and answers for certain distribution-related provisions of PPA that are effective in 2008.

Announcement 2008-23 discusses the issuance of opinion and advisory letters and the opening of the EGTRRA determination program for pre-approved defined contribution plans.

This Way to the Forums

The 2008 IRS Nationwide Tax Forums will be held at six locations across the country this summer. The EP seminars are **"401(k) Plans for Self-Employed Individuals"** and **"Retirement Plan Choices for Self-Employed Individuals."**

401(k) plans for self-employed individuals are being heavily marketed in the retirement plans community. Are they a new kind of retirement plan? Can employers contribute more to this type of retirement plan? A lot of misinformation is circulating about these plans and our session **"401(k) Plans for Self-Employed Individuals"** will set the record straight by separating fact from fiction.

One size-does-not-fit-all when it comes to choosing a retirement plan. **"Retirement Plan Choices for Self-Employed Individuals"** discusses the factors that self-employed individuals need to look at when deciding which retirement plan option to choose for themselves and their businesses.

For the first time, Employee Plans will be offering a workshop at the Tax Forums. **"Retirement Plan Pitfalls Workshop (Use IRS Fix-It Guides to Keep Your Clients Out of Trouble)"** is a two-hour workshop where attendees will learn how to use the IRS "Fix-It Guides" to identify and correct four of the most frequent pension errors found by the IRS. In addition, the IRS will provide tips on how to avoid these errors in the future.

Employee Plans and Exempt Organizations will sponsor a booth in the exhibit hall where you can pick up our products or speak with an EP or EO specialist. Dates and locations for the 2008 IRS Nationwide Tax Forums are:

Hilton Atlanta	Atlanta, GA	July 1st - 3rd
Hyatt Regency Chicago	Chicago, IL	July 22nd - 24th
Orlando World Center	Orlando, FL	August 5th - 7th
Rio All Suites Hotel	Las Vegas, NV	August 19th - 21st
Hilton New York	New York, NY	August 26th - 28th
Town and Country	San Diego, CA	September 9th - 11th

For additional information about the Tax Forums, visit **www.irs.gov** and then go to the "Tax Professionals" tab and select "2008 Tax Forum Registration is Open!" You can register online at **www.taxforuminfo.com**.

DOL News

Department of Labor's Employee Benefits Security Administration (DOL/EBSA) announced new guidance and tools to assist plan sponsors in complying with ERISA, including those featured below. You can subscribe to DOL/EBSA's web site **homepage** or **PPA page** for updates.

Qualified Default Investment Alternatives (QDIAs)

Technical corrections to the final regulation on QDIAs were published. They affect three areas of the final regulation including changes clarifying the preamble example on "round-trip" restrictions, expanding the scope of who can manage a QDIA, and correcting the "grandfather" relief for stable value funds.

Field Assistance Bulletin 2008-03 provides guidance on frequently asked questions raised since publication of the final rule.

Proposed Regulation to Increase Disclosure of Fees and Conflicts of Interest

A public hearing was held on March 31 - April 1 at DOL on the **proposed rules** and **proposed class exemption**. Visit EBSA's **Public Comments page** for requests to testify at the hearing and testimony, as well as comments on the two proposals.

Proposed Safe Harbor Rule for Employee Contributions to Small Pension and Welfare Plans

A **proposed rule** creating a safe harbor period under which participant contributions to a small plan will be deemed to be made in compliance with the law if those amounts are deposited with the plan within seven business days of receipt or withholding was published.

Under current rules, employers of all sizes must transmit employee contributions to pension plans as soon as they can reasonably be segregated from the general assets of the employer, but no later than the 15th business day of the month following the month in which contributions are received or withheld by the employer.

Before the effective date of the final regulation, DOL/EBSA will not assert a violation of ERISA regarding participant contributions where such contributions are deposited with small plans within the seven business day safe harbor.

In addition, DOL/EBSA requested information and data regarding a possible safe harbor for plans with 100 or more participants so that they can evaluate the current contribution practices of large employers.

Guidance on Collection of Delinquent Contributions

Field Assistance Bulletin 2008-01 provides guidance on fiduciaries' and trustees' responsibilities for monitoring and collecting delinquent employer and employee contributions owed to plans governed by ERISA.

Electronic Filing of Form 5500 Moving Forward

EBSA is moving to the development phase of the EFAST2 system for electronic filing of the Form 5500 annual reports. The EFAST2 system will receive, process, store, publicly disclose, distribute, and archive approximately one million Form 5500 reports filed annually via the Internet. Electronic filing is required for plan year 2009 filings, due in 2010.

Plan Filing Update Webcast

Visit EBSA's **homepage** for the archived version of EBSA's recent webcast with the IRS on common filing errors, selecting an auditor for your plan, 403(b) plan filing preparation, blackout notices, and voluntary correction programs, among other issues.

Free Compliance Assistance Events

For dates and locations of free compliance assistance events sponsored by EBSA for both retirement and health benefit plans, visit EBSA's **homepage**.

Fixing Common Plan Mistakes:

Hardship Distributions in a 401(k) Plan

Each issue of the *RNE* looks at a common error that occurs in retirement plans and provides information on fixing the problem and lessening the odds of it happening again.

The Problem:

A 401(k) plan permits participants to receive hardship distributions. The distributions, however, do not satisfy the plan provisions relating to hardship distributions.

Example: George is the 100% owner of the George Company. The company sponsors a 401(k) plan which provides that a participant may take a distribution on account of hardship. The plan document requires that a participant may only receive a hardship distribution for the following reasons:

(1) to purchase a principal residence;

(2) to prevent eviction from, or foreclosure on, the principal residence;

(3) to pay certain medical expenses incurred by the participant, participant's spouse, or dependents; and

(4) to pay certain educational expenses incurred by the participant, participant's spouse, or dependents.

In addition, the plan document requires that the participant use all other sources of financing including proceeds from insurance, liquidation of other assets, and loans from other commercial sources before applying for a hardship distribution. Jim, a plan participant, asked for and received a hardship distribution of $20,000 from the plan. He did not provide a reason for the distribution and did not establish that he had used other sources of financing before applying for the hardship distribution.

Finding the Mistake:

In order to find the mistake, review:

(a) the plan document to determine when distributions may occur;

(b) each plan distribution and its related documentation showing the reason for the distribution (e.g., distribution form signed by the participant indicating the reason for the distribution); and

(c) whether distributions designated as "hardship distributions" were made in accordance with the terms of the plan.

In the example above, Jim did not complete any distribution forms. The only documentation in the file was a note requesting a hardship distribution for $20,000. It was found that Jim used the money to buy a car. There was no evidence that he investigated other sources of financing.

This was an isolated instance. For each of the other hardship distribution requests, the participant was required to complete a distribution form. The distribution form required the participant to specify the purpose for the distribution (e.g., medical expense, education expense, purchase of residence) and to certify that other sources of financing (including insurance proceeds, disposition of other assets, or other loans) were not available to the participant. The distribution form was then submitted to the employer's accountant, who evaluated the form before approving the hardship distribution to the participant. When Jim applied for a distribution, however, he went directly to George, who authorized payment without requiring Jim to complete the distribution form. Also, George was not familiar with the terms of the plan. As a result, he approved a distribution that did not comply with those terms.

Fixing the Mistake:

The company should take reasonable steps to ensure that Jim returns the erroneously distributed amounts to the plan. Jim should also be advised that to the extent any amounts are not returned, they are not eligible for tax favored treatment (i.e., the amounts are not eligible for rollover to an IRA or other retirement plan). In addition, the plan's administrative procedures should be revised to ensure that the error does not occur again. (See "Avoiding the Mistake" below.)

Correction Program(s) Available:

The plan may use the correction programs described in **Revenue Procedure 2006-27** to correct the mistake. If the plan is not the subject of an IRS examination, then the plan will generally be able to correct the mistake using either the Self-Correction Program (SCP) or the Voluntary Correction Program (VCP). If the plan is under IRS examination, then mistakes are generally corrected pursuant to a closing agreement under the Audit Closing Agreement Program (Audit CAP). However, if the mistake is an isolated instance (as is the case in this example), the mistake may still be eligible for correction under SCP.

Avoiding the Mistake:

George should be familiar with the terms of the plan. A formal approval process had been installed to ensure that hardship distributions comply with the terms of the plan, including documenting the reason for the hardship and certification of the unavailability of other sources of money. George should be aware of the purpose of such a process, and understand the risks of approving distributions without following it. George should not approve distributions based on verbal or informal written requests, but instead, should follow the formal approval process before authorizing a hardship distribution.

For more details on how to find, fix, and avoid this mistake, you may also refer to the online **401(k) Fix-It Guide**. For details on the correction programs, please visit **www.irs.gov/ep** and select "Correcting Plan Errors."

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Retirement News for Employers

Retirement News for Employers (*RNE*) is a free, quarterly newsletter aimed at keeping employers informed about retirement plan sponsorship. *RNE* is prepared by the IRS's Employee Plans (Tax Exempt and Government Entities) office.

For your convenience, *RNE* includes Internet links – identified by the blue underlined text – to referenced materials.

How to Subscribe

RNE is distributed exclusively through IRS e-mail. Sign up for your free subscription by going to the **Retirement Plans Community** web page and selecting "Newsletters" in the left pane. Prior editions of the *RNE* are also archived there.

Send Comments/Suggestions to:

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Have a Question?

For taxpayer assistance with retirement plans technical and procedural questions:

Please call (877) 829-5500 or visit the "Contact EP/Services" section at **www.irs.gov/ep**.

For questions relating to retirement income, IRAs, Roth IRAs, educational IRAs, medical savings accounts, and §125 cafeteria plans:

Please call (800) 829-1040.

Mark Your Calendar

Meeting deadlines can be a cumbersome part of operating your retirement plan. To help, we have listed some important deadlines. Please note that the dates are for calendar-year plans.

June 9: EBSA Seminar: **Voluntary Fiduciary Correction Program Workshop** – Foothill Ranch, CA.

June 10: EBSA Seminar: **Fiduciary Education Workshop** – Denver, CO.

June 18: EBSA Seminar: **Voluntary Fiduciary Correction Program Workshop** – Atlanta, GA.

June 19: EBSA Seminar: **Voluntary Fiduciary Correction Program Workshop** – Santa Clarita, CA.

July 1: EBSA Seminar: **Fiduciary Education Workshop** – San Francisco, CA.

July 1 - 3: IRS Nationwide Tax Forum – Atlanta, GA.

July 15: Second defined benefit employer contribution quarterly installment due.

July 22 - 24: IRS Nationwide Tax Forum – Chicago, IL.

July 31: "Form 5500 Day"– **File 2007 Form 5500**, *Annual Return/Report of Employee Benefit Plan*, or **Form 5500-EZ**, *Annual Return of One-Participant (Owners and Their Spouses) Retirement Plan*, with DOL/EFAST, or **File Form 5558**, *Application for Extension of Time to File Certain Employee Plan Returns*, with IRS to request an automatic 2½ -month extension (October 15, 2008) to file the Form 5500 or Form 5500-EZ.

August 5 - 7: IRS Nationwide Tax Forum – Orlando, FL.

August 19 - 21: IRS Nationwide Tax Forum – Las Vegas, NV.

August 26 - 28: IRS Nationwide Tax Forum – New York, NY.

For a comprehensive list of upcoming EP Educational Events, visit the Retirement Plans Community web page, select "Plan Sponsor/Employer," then "Questions: Where to Get Answers," and click on "Upcoming EP Educational Events."

IRS Department of the Treasury
Internal Revenue Service

Publication 4278 (05-2008)
Catalog Number 37968B

Timing is Everything

Some helpful retirement tips for employees from the IRS…

Phew! April 15th is over. Don't wait until next April to start planning for your retirement.

Have you received a raise? Did your child graduate from college? Did you graduate? Congratulations! Consider decreasing your taxable income and increasing your retirement…

- Many plans have quarterly or semi-annual entry dates. If you are not already participating in your plan, consider starting.

- If you are participating, consider increasing your deferrals. Generally, for 2008 you can **contribute** up to:

    - IRA - $5,000
    - SIMPLE plan - $10,500
    - 401(k) or 403(b) plan - $15,500

If you turn 50 at any time during 2008, you may be eligible to make catch-up contributions. For 2008, the maximum **catch-up contribution** is:

- IRA - $1,000
- SIMPLE plan - $2,500
- 401(k) or 403(b) plan - $5,000

For more retirement tips, talk to your employer or visit **www.irs.gov/ep**, select "Plan Participant/ Employee" and click on "Timing is Everything."

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